JCX-16-88
July 13, 1988

- WAYS AND MEANS COMMITTEE -

Proposed Amendment to H.R. 4333 as amended

Fiscal Years 1988-91
(Millions of Dollars)

Item	1988	1989	1990	1991	1988-91
I. ADDITIONAL PROPOSALS					
A. Modifications to Prior Committee Decisions					
1. Exclusion of employer-provided educational assistance--substitute $1,500 cap for income phaseout in amended Chairman's Mark (liberalization of prior cutback)	-3	-100	-70	-21	-194
2. Change H.R. 4333 effective date regarding outbound corporate reorganizations of U.S. corporations into foreign corporations under General Utilities--transactions completed prior to June 21, 1988	(4)	(4)	(4)	(4)	(2)
3. Drop AMT (ACE) leasing provision from H.R. 4333 (section 107(b)(17))	--	--	--	--	---
4. Nondiscrimination rules for health plans--reverse Committee action relating to valuation of HMOs	(1)	(1)	(1)	(1)	(2)
5. Repeal section 457 for tax exempts; codify 1987 IRS Notice for State and local workers with permanent grandfather for current employees	--	-40	-15	-16	-71
6. Accord transition relief from MRB recapture rule for certain contracts entered before June 23, 1988	--	(1)	-1	-1	-2
7. Tighten Columbia Point 1986 Act transition rule to require inclusion of a non-profit health center in the project	--	--	--	--	---
8. Eliminate Rhode Island rehabilitation rule from the 1986 Act	(6)	(6)	(6)	(6)	(2)
9. Adjust foreign-conducted research rule relating to Treasury Reg. section 861-8 to 64% (conforming change)	(1)	(1)	(1)	(1)	-1
10. 50-year amortization for railroad grading and tunnel bores	(1)	(1)	-1	-1	-2
11. Tax on built-in gains of S corporations: Suspension of tax in case of post-conversion losses	-5	-15	-15	-15	-50
B. Individual					
1. Athletic tickets--80% charitable contributions deduction	(1)	(1)	(1)	(1)	(2)
2. Rural letter carriers--mileage deduction	-1	-3	-3	-3	-10
3. Rollover of gain on a principal residence when one spouse dies	(1)	-8	-9	-10	-27
4. Deductibility of business meals--oil rig workers	--	-5	-5	-6	-16
5. Expand innocent spouse relief for former spouses with small net worth	(4)	(4)	(4)	(4)	(2)
6. Christa McAuliffe Federal Government fellowship grants excludable where money spent for grant purposes (through 1990)	(1)	(1)	(1)	(1)	(2)
C. Depreciation/ITC					
1. Placed-in-service dates for certain projects held up because of certain Federal Government delays and acts of God	(3)	(3)	(3)	(3)	(2)

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Item	1988	1989	1990	1991	1988-91
D. Corporate					
1. Woods Investment effective date--clarify weekends and holidays excluded	(4)	(4)	(4)	(4)	(2)
2. Regulatory authority to provide access to tax refunds to statutory or court-appointed fiduciary of insolvent members of consolidated tax return	(1)	(1)	(1)	(1)	(2)
E. Minimum Tax					
1. Exclude bankruptcy/insolvency debt restructuring from book preference	(4)	(4)	(4)	(4)	(2)
2. Exclude structured settlement arrangements from ACE	--	--	-5	-10	-15
F. Accounting					
1. Uniform capitalization rules:					
a. Artists, writers, photographers (effective date of January 1, 1988)	-12	-25	-2	-2	-41
b. Preproductive period expenses for livestock (effective date of January 1, 1989)	--	-85	-194	-180	-459
c. Pistachio preproductive period expenses	-2	-1	-1	-1	-5
2. Allow one repledging to qualify for installment sales grandfather rule provided no additional money received in refinancing	-15	4	2	1	-8
3. Beneficial ownership of stock held in trust included in determining whether certain corporations may use the cash method of accounting	(1)	(1)	(1)	(1)	(2)
G. Insurance					
1. Repeal of general creditor requirement under structured settlement rules	(5)	(5)	(5)	(5)	(2)
2. Treatment of certain workers' compensation funds--retroactive relief to January 1, 1987	--	-40	-30	--	-70
3. Church self-funded death benefit plans treated as life insurance	(5)	(5)	(5)	(5)	(2)
H. Pensions					
1. Limitation on contributions and benefits under qualified plans of public employers	(1)	(1)	(1)	(1)	(2)
2. Exempt certain public pension plans from minimum participation rule	(1)	(1)	(1)	(1)	(2)
3. Age 70-1/2 required beginning date not extended to public employees	(1)	(1)	(1)	(1)	(2)
4. Section 401(k) plans available to employees of rural telephone coops	--	-2	-4	-5	-11
5. Employers entitled to rely on good-faith interpretation of section 403(b) nondiscrimination rules for 2 years	(5)	(5)	(5)	(5)	(2)
I. Foreign					
1. Suspend recapture of excess loss account in connection with certain dual resident company reorganizations	(6)	(6)	(6)	(6)	(2)
2. Codify absence of withholding requirement on nonresident alien's table game income	--	--	--	--	---
3. Shareholder-level qualified electing fund election for PFICs	(6)	(6)	(6)	(6)	(2)
4. Extend foreign currency sourcing and characterization rules prospectively to financial instruments that are marked-to-market	--	--	--	--	---
5. Increase Netherland Antilles debt-equity ratio	(7)	(7)	(7)	(7)	(2)
6. Foreign insurance branch treated as separate corporation (effective January 1, 1989)	--	-3	-6	-7	-16

Item	1988	1989	1990	1991	1988-91
J. Tax-Exempt Bonds					
1. Clarification of definition of manufacturing for qualified small-issue bonds	-2	-6	-11	-12	-31
2. Miscellaneous clarifications: Extension of minimum period for calculating TRAN safe harbor compliance; clarification of Treasury Department arbitrage rebate regulatory authority; arbitrage rebate exemption for certain debt service funds and expanded for governmental bonds	(8)	(8)	(8)	(8)	(2)
3. Expand volunteer fire company bond authority	(1)	(4)	(4)	(4)	(2)
K. Low-income housing credit:					
1. Disregard certain local government zoning "exactions" on credit qualifications	(5)	(5)	(5)	(5)	(2)
2. No rent adjustment required for certain reductions in family size	--	-3	-3	-3	-9
3. Remove 50% limit on corporate interest in partnership qualifying for special recapture rule	--	-4	-9	-9	-22
L. Estate and Gift					
1. Special use valuation--available notwithstanding receipt of cash rental by surviving spouse	(5)	(5)	(5)	(5)	(2)
M. Compliance					
1. Permit information sharing with cities above 250,000	(5)	(5)	(5)	(5)	(2)
N. Excise Taxes					
1. Wine tolerance--permit de minimis tolerances in determination of wine tax	(1)	(1)	(1)	(1)	(2)
2. Allow wholesalers to claim gas tax refunds for certain exempt users	--	-5	(5)	(5)	-5
3. Exempt donated cargo from harbor maintenance tax	(1)	(1)	(1)	(1)	(2)
4. Provide retail truck tax inapplicable where exemption benefits United States Government	-2	(1)	(1)	(1)	-2
5. Allow quarterly payment of archery excise tax	(1)	-2	(1)	(1)	-2
O. Miscellaneous					
1. Lift limitation on Treasury long-term bond authority	--	--	--	--	---
2. Discharge of indebtedness income of mutual or cooperative telephone, water, or electric companies excluded in determining tax-exempt status (1988 and 1989 only)	--	-17	-17	-17	-51
3. Extend placed-in-service date for nonconventional fuels credit through December 31, 1990	--	--	-3	-3	-6
4. Determination of operating foundation status for certain purposes	-1	(1)	(1)	(1)	-1
P. Items Requiring Only Report Language (no statutory change)					
1. Exclude bankruptcy/insolvency stock for debt swap (ACE)	(1)	(1)	(1)	(1)	(2)
2. Tax exemption of organizations providing supplemental HMO-type services under section 501(m)	(5)	(5)	(5)	(5)	(2)
3. Early withdrawal tax inapplicable to annuity even if accompanied by lump sum	--	--	--	--	---
4. Tip reporting--require observance of 1986 Act provisions	--	--	--	--	---

Item	1988	1989	1990	1991	1988-91
Q. Mandated Studies					
1. Investment-oriented life insurance and annuity products	--	--	--	--	---
2. Cigarette excise tax	--	--	--	--	---
3. Dividend received deduction	--	--	--	--	---
4. Section 457	--	--	--	--	---
Subtotals: ADDITIONAL PROPOSALS	**-43**	**-360**	**-402**	**-321**	**-1,127**
II. REVENUE RAISERS					
A. Treatment of single-purpose agricultural structures (9)	--	4	17	23	44
B. Depreciation of farm property (9)	--	26	101	160	287
C. Reduce student loan bond purpose arbitrage	--	1	1	2	4
D. Impose loan origination period on student loan bonds	--	2	3	5	10
E. Disallow business or investment deduction for base charge of home telephone	--	16	28	29	73
F. Disallow estate and gift marital deduction for transfers to foreign spouses	--	27	67	45	139
G. Repeal special estate tax rates and credits for foreign estates	(6)	(6)	2	3	5
H. Require reasonable mortality and expense charges for definition of life insurance	(6)	10	10	10	30
I. Adjust valuation of group-term life insurance for individuals age 64 and over	--	6	10	10	26
J. Update IRS valuation tables	--	10	10	10	30
K. Impose $2.67-per-pound excise tax on pipe tobacco (effective October 1, 1988; with floor stock tax)	--	58	61	61	180
Subtotals: REVENUE RAISERS	**0**	**160**	**310**	**358**	**828**
GRAND TOTALS	**-43**	**-200**	**-92**	**37**	**-299**

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(1) Loss of less than $500,000.
(2) Totals are not available for estimates represented by footnotes.
(3) Full revenue effect unknown at this time.
(4) Loss of less than $5 million.
(5) Negligible amount.
(6) Gain of less than $500,000.
(7) Gain of less than $1 million.
(8) Gain of less than $5 million.
(9) Effective for equipment placed in service after December 31, 1988, with binding contract rule.

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Summary Table

Fiscal Years 1988-91
(Millions of Dollars)

Item	1988	1989	1990	1991	1988-91
1. Grand Totals from Committee Action to date	-439	377	-13	386	311
2. Proposed Amendment to H.R. 4333 as amended	-43	-200	-92	37	-299
GRAND TOTALS	**-482**	**177**	**-105**	**423**	**12**

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